

Online Consumer Behavior

Ronald E. Goldsmith

Florida State University, USA

BACKGROUND

One convenient way of describing consumer behavior both off-line and online is to present the topic as a model representing the steps typical consumers go through when they acquire the goods and services they desire. These steps are Need Recognition, Information Search, Pre-purchase Alternative Evaluation, Purchase, Consumption and Post Consumption Evaluation (Blackwell, Miniard & Engel, 2001). Although not every consumer goes through every step for every purchase, this model is a useful heuristic for organizing the study of consumer behavior and serves as a way to describe online consumer behavior as well.

In the *Need Recognition* stage consumer behavior is stimulated by needs and wants. Needs are the abstract categories that consumers require in order to survive, function and thrive. Wants are the specific objects or mechanisms that consumers learn will enable them to satisfy their needs. Consumer needs are few, universal and inborn. Wants are acquired through individual learning histories defined by the time, place and context of the consumers' life. Consequently, wants are many, individual and varied. Each consumer is born with the same needs and learns what will satisfy those needs through the experience of being reared within a specific society, time and place. Marketers recognize that consumers have shared needs and seek to develop brands as the specific want-satisfying ways in which consumers can gratify their needs. Table 1 presents a summary of consumer needs and wants (Foxall & Goldsmith, 1997).

Physiological needs derive from the fact that consumers are physiological creatures. The social needs come from the fact that consumers are social animals. Hedonic needs describe the needs consumers have for

pleasurable sensations for the five senses. Experiential needs arise because consumers are saturated with feelings and emotions that they constantly seek to modify. Cognitive needs come from the curious, inquiring cerebral cortex that wants to know about its environment. Finally, consumers have egos, a sense of self-identity, they want to express, usually through symbols. Each consumer is born with these mind/body "systems" and spends much time and energy seeking to satisfy the requirements these systems impose.

Products (goods, services and information) can be multidimensional (Freiden, Goldsmith, Hofacker, & Takacs, 1998). That is, consumption of a given product can simultaneously satisfy more than one need, as buying and wearing an item of clothing protects the wearer from the elements (physiological), attracts the opposite sex (social), is comfortable to the skin (hedonic), makes the wearer feel sexy (experiential) and represents the self-concept and values of the wearer (psychological). Consuming a news magazine might satisfy cognitive needs as well as psychologically symbolic ones; the reader acquires some desired information and shows that he/she is a responsible citizen. Moreover, consumers might buy many different products to satisfy the same needs, as where designer brand names are wanted for clothing, furniture, perfumes and cars to symbolize social status.

This theory of motivation can be used to explain the motivations for participation in virtual communities. Belonging to a virtual community fulfills some of the social need for belonging and fellowship. Group participation can yield feelings of fun, excitement and pleasure. The community can be an important source of information that can satisfy the cognitive need to know. Membership can be used symbolically to express identity. Thus, much like the consumption of goods, services

Table 1. A summary of consumer needs and wants

<u>Needs</u>	<u>Examples</u>	<u>Specific Wants</u>
Physiological	Food, shelter	Sushi, hamburgers, paté
Social	Love, friendship	Spouses, club membership
Hedonic	Taste, smell, touch	Music, art, perfume
Experiential	Feelings, emotions	Movies, TV, plays, concerts
Cognitive	Curiosity	Newspapers, books, TV news
Psychological	Self-expression, self-identity	Symbolic products

and information, membership in virtual communities is a motivated behavior, and membership can satisfy several needs simultaneously.

When needs are aroused, consumers often *search for information* to help them make the best choices in satisfying those needs. A lot of information is available. Consumers first search their memories to see if they already possess the needed information. If they need more information, they will search outside sources. The dominant types of external information sources are (1) commercial, (2) third party and (3) personal. Commercial sources include advertising, sales promotion and personal selling. Online, e-tailers can use software-driven recommendation agents to influence the flow of information to buyers (West, Ariely, Bellman, Bradlow, Huber, Johnson, Kahn, Little, & Schkade, 1999). The use of “shopping bots” by consumers to locate and compare products is a major difference between offline and online consumer behavior, one that has important implications for e-tailers and consumer researchers alike (Goldsmith & Goldsmith, 2003). Third-party information can come from governments, consumer agencies or independent research and reporting firms. Personal information is that obtained from friends, family, co-workers and other consumers. This last type of information source includes word of mouth and opinion leadership, which can be particularly influential in consumer behavior. Consumers search for information from all three sources online. In fact, the nature of the Internet makes it an especially valuable resource for information-seeking consumers in that it makes available vast amounts of information at low costs. Once one has access to a computer and the skill to use it, information search becomes quick, easy and cheap. It is easy to see that one function of virtual communities is that they enable like-minded consumers to talk with one another online and share information about goods, services and information products. Opinion leaders will arise as some consumers will be perceived as especially knowledgeable and informative about different product categories.

The outcome of information search is an array of possible products and brands to buy that satisfy the consumer’s motivating wants. Before choosing, consumers must *evaluate* the choices they have located on the Internet to pick the most desirable. In doing so, consumers weigh the resources they have available: the time they have allocated to the purchase (when do they need it; how long will it take to arrive); the physical effort they must invest in obtaining the product (delivered to their door, at another location, will it need assembly, can it be returned easily); how much thought they will have to put into the purchase; and how much money it will cost. They then compare available brands

using their individual purchase criteria to weed out unacceptable brands and narrow their options to the acceptable ones, which they then rank in terms of preference. Consumers use a variety of criteria and strategies to evaluate their choices. They will consider the prices, quality, brand name and other information in their evaluations. They use cutoff points and decision rules to make their choices.

These activities take place in the online environment just as they do offline. However, the availability of information online combined with the unique capabilities of the computer to compare and contrast options suggests that online consumer behavior might take place differently from analogous behavior offline. Consumers have enhanced abilities online to manipulate data (such as prices) and compare brands (Lynch & Ariely, 2000). E-tailers, in response, can provide more non-price information or rely on added value (such as services) to compete in this environment. Virtual communities might play a role in these processes if they serve as sources of information and advice, recommend the brands considered for purchase, recommend new or different evaluative criteria and ways of choosing, and exert social pressure on choice.

The *purchase* act has certainly been transformed by the Internet. Consumers have access to more options than ever before. They can shop and buy 24/7. They can interact with companies and with each other efficiently and in real time. Comparisons on price and other features are much easier than ever before. Many Web sites offer digital assistants or shopbots that will learn consumer tastes and preferences, make suggestions for future purchases or even scour the Internet in search of products that meet individual specifications. Moreover, shopping and buying on the Internet can be fun (Iacobucci, 1998).

Consumption of many products is unaffected by the Internet. Even when consumers buy goods and services online, they consume them offline just as before. That is, the Internet acts much the same as catalog or TV sales, changing the search for information, alternative evaluation and purchase stages of the consumer decision model, but not fundamentally affecting the consumption stage. However, many products can now be consumed online. These include downloadable music and videos, games played online, banking and other services performed online. Increasingly, some products are consumed socially, as when members of a virtual community share and participate in consuming online products such as interactive games.

In *post-consumption evaluation*, consumers have satisfied their needs and wants (more or less) and react mentally and physically to the experience. They might change their cognitive structures (attitudes, memories

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